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Testimony of Commissioner Sean Dilweg To the Assembly Committee on Health and Healthcare Reform Assembly Bill 108 April 1, 2009

Chairman Richards and Members of the Committee:

Thank you for the opportunity to testify in support of Assembly Bill 108, relating to portability under group health benefit plans and independent review of insurance policy rescissions and preexisting condition exclusion denials under group and individual benefit plans.

In light of current economic pressures and the challenges some face in accessing health care coverage, business practices in the individual health insurance market with respect to preexisting condition exclusions and rescissions is increasingly gaining more attention. For example, United States Representative Henry Waxman, Chairman of the House Committee on Oversight and Government Reform, held a hearing in July 2008 focused on the practice of rescission in the individual health insurance market. In October 2008, he reached out to states requesting information on state regulatory oversight of rescissions in an effort to further the Committee's understanding of market practices.

The Office of the Commissioner of Insurance (OCI) received 343 complaints relating to preexisting conditions and recessions from January 2006 through March 2009. As a result of OCI's experience with such complaints, as well as those in several other state insurance departments, the National Association of Insurance Commissioners continues work on a national survey regarding individual health insurer business practices with respect to recession and exclusion decisions. The goal is to better understand current practice and its impact on consumers.

The requirement in AB 108 that insurers issuing individual health benefit plans report to the Commissioner annually the number of benefit plans issued and the number of plans where the insurer initiated or completed a cancellation or rescission, will help in understanding market practices.

In an effort to empower consumers impacted by preexisting condition determinations and rescissions, Assembly Bill 108 expands independent review options under current law to include a preexisting condition exclusion denial determination and the rescission of a policy. Therefore, individuals who are denied coverage for these reasons can pursue third party review by an independent review organization (IRO), after an internal grievance with the insurance company is complete. Independent review organizations are certified by the Commissioner and must demonstrate that they are

unbiased. IRO's must be recertified on a biennial basis to continue to provide services. There are currently six certified IRO's. AB 108 specifically requires that at least one independent review organization is certified to effectively provide reviews relating to preexisting condition exclusion denial determinations and rescissions.

Lastly, AB 108 improves portability in the individual health care market. Currently, when determining how long preexisting condition exclusion periods may be imposed under new health insurance coverage, a person must be given credit for the time during which he or she previously had health insurance coverage. AB 108 allows past coverage to be applied if new coverage is obtained within 90 days. Current law allows for a 63 day window. The additional month provided in AB 108 allows individuals more time to assess their situation and shop for new coverage.

Thank you again for the opportunity to testify in support of AB 108. I am happy to answer any questions.



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TO: Representative Jon Richards and Members of the Assembly Committee on Health and Healthcare Reform

FROM: Gina Dennik-Champion, MSN, RN, MSHA
Executive Director, Wisconsin Nurses Association

DATE: April 1, 2009

RE: Support of AB 108 – Relating to Portability Under Group Health Benefit Plans and Independent Review of Insurance Policy Rescissions and Preexisting Condition Exclusions Denials Under Group and Individual Health Benefit Plans

Good afternoon Chairperson Richards and members of the Health and Healthcare Reform Committee. My name is Gina Dennik-Champion, I am a registered nurse and I am here today representing the Wisconsin Nurses Association (WNA). WNA is the professional association for all RNs in Wisconsin. As a professional nursing association, we collectively and collaboratively advocate for access to comprehensive quality health care services for all people. This in turn provides the person an increased opportunity for maintaining health and sustaining a life of quality.

Thank you for allowing me the opportunity to share WNA's support of AB 108 and the companion bill SB 72 – Relating to Portability Under Group Health Benefit Plans and Independent Review of Insurance Policy Rescissions and Preexisting Condition Exclusions Denials Under Group and Individual Health Benefit Plans. WNA extends appreciation to Representative Pasch and Senator Vinehout for sponsoring this legislation and the members of this committee who are supporting this legislation.

For background purposes, WNA would like to share that we are members of a health care reform discussion group that was facilitated by Senator Kathleen Vinehout and Representative Donna Seidel. This group consists of professional health care practitioners, health care providers, insurance companies, and other advocacy groups. The group discussed the barriers that exist for consumers in obtaining health insurance and the changes needed so that access to health care could be achieved. WNA is very appreciative of Senator Vinehout and Representative Seidel in bringing this group together as we now have an opportunity for removing some of these barriers.

WNA has held a long-standing interest in health care reform. WNA, along with other members of the Wisconsin Nursing Coalition, developed a document in 1999 which has recently been revised that describes professional nursing's opinions and recommendations for health care reform. This document, *The Wisconsin Community of Nursing Agenda for Healthcare Reform* (January 2009), describes the need for a reformed health care system. WNA, as part of the nursing community, remains optimistic that true health care reform will occur, as we cannot as a society continue to have:

- 350,000 persons go without care or enter the system sicker, at higher cost entry points;
- Limited access to health care in rural communities and dense urban areas;
- Decreased personal incomes as more out-of-pocket health care costs rise;
- A rapidly growing aging and culturally diverse population;
- Health disparities among underserved populations;
- Health care workforce shortages;
- Annual double digit increases in health costs;
- Decreased profits for business as health insurance costs rise;
- Gaps, fragmentation and duplication in delivery of services;
- A "system" that is complex, confusing and wasteful; and
- Environmental practices that negatively impact healthy living.

As we wait for health care reform to occur nationally and in Wisconsin, we cannot ignore the real issues that are impacting real people in the pursuit of health care coverage for all. AB 108 brings fairness for consumers needing to appeal the insurance company decision to drop coverage or exclude on the basis of a preexisting condition. Current law allows for independent review of adverse and experimental treatment determinations. There is no provision for review for dropped coverage or exclusion of preexisting conditions. AB 108 allows for an independent review of rescissions and preexisting exclusion denial determinations at no cost to the consumer.

In addition, AB 108 addresses portability by allowing individuals who lose health insurance coverage and pick up new group coverage within 90 days, to apply creditable coverage to the maximum preexisting condition exclusion period on the new group policy. This replaces the current 63-day creditable coverage to the 12-month exclusion period.

WNA encourages the passing of AB 108 as it addresses those instances when patients are in need of health care insurance the most. Without it we see patients using their credit cards to pay for their needed care, selling their home and valued possessions and/or declaring personal bankruptcy. Given the current economic crisis, situations like this have a high probability of increasing. People should not have to become destitute to have access to health care. Health care organizations should not have to recoup their costs on the back of a person who cannot purchase a health insurance policy because of a preexisting condition.

Thank you for providing WNA the opportunity to present our support of AB 108.